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January 29, 2014

Mr. Timothy J. Mayopoulos
President and CEO
Fannie Mae
3900 Wisconsin Ave., NW
Washington, DC 20016-2892

Dear Mr. Mayopoulos:

As the Chair and former Chair of the California State Senate Judiciary Committee (and a former co-chair of the Legislative Conference Committee on the California Foreclosure Crisis) we are very concerned by the January 15, 2014 report from the Federal Housing Finance Agency and the Office of the Inspector General. From that report, it appears that Fannie Mae's servicers may have violated California law by collecting borrower contributions for the short sale of properties located in California and that these contributions were collected on your behalf.

It was our concern with such practices that lead to the passing of SB 458(Corbett, 2011) into law. This law prohibits the collection of these fees in California. It is disheartening, to say the least, that a government-sponsored enterprise, such as Fannie Mae, may have violated this California law and cost 1,222 Californian borrowers more than \$3 million dollars.

We understand that Fannie Mae has developed a Remediation Plan to repay fees collected in violation of California law; however, it is disturbing that Fannie Mae's original response to SB 458 was to leave the interpretation of that law to servicers, not to adopt consistent guidelines. In effect, Fannie Mae took no initiative to ensure that California laws were followed and their borrowers protected.

Fannie Mae must actively ensure that any contributions or fees in violation of California law be reimbursed as quickly as possible.

We would be more than willing to discuss our concerns about Fannie Mae's handling of this issue with you and look forward to hearing that Californians have been reimbursed for the monies that were collected in violation of the law.

Sincerely,



NOREEN EVANS, SD 2

Chair, Senate Judiciary Committee (2011-Current)

Co-Chair of the Legislative Conference Committee on the California Foreclosure Crisis (2012)



ELLEN M. CORBETT, SD 10

California State Senate Majority Leader

Chair, Senate Judiciary Committee (2006-2010)

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